

Crown Equity Holdings, Inc.
Form 10-K
March 30, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

“ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 000-29935

CROWN EQUITY HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Nevada 33-0677140
State or other jurisdiction of (IRS Employer
incorporation or organization Identification Number)

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5440 Sahara, Suite 205, Las Vegas, NV 89146

(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: (702) 448-1543

Securities registered pursuant to Section 12(b) of the Act: None.

Name of each exchange on which registered: None.

Securities registered pursuant to Section 12(g) of the Act: Common Stock

Indicate by check mark if the registrant is a well-seasoned issuer, as defined in Rule 405 of the Securities Act " Yes x
No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15d of the Act "
Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or such shorter period of that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No "

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the previous 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes x No "

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Indicate by checkmark if disclosure of delinquent filers to Item 405 of Regulation S-K (§229.405) is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer "
Non-accelerated filer " (Do not check if smaller reporting company) Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act,) Yes " No x

The number of shares outstanding of the Company's \$.001 Par Value Common Stock as of March 29, 2012 was 802,293,175. The aggregate number of shares of the voting stock held by non-affiliates on March 29, 2012 was 246,450,056. The market value of these shares, computed by reference to the market closing price on March 29, 2012 was \$2,957,401. For the purposes of the foregoing calculation only, all directors and executive officers of the registrant have been deemed affiliates.

DOCUMENTS INCORPORATED BY REFERENCE: None.

PART I

ITEM 1: BUSINESS

A) General

Crown Equity Holdings Inc. formerly known as Micro Bio-Medical Waste Systems, Inc. (the “Company”) was incorporated on August 31, 1995 as “Visioneering Corporation” under the laws of the State of Nevada.

In 2007, the Company, through a wholly-owned subsidiary, Crown Trading Systems, Inc. (“CTS”), a Nevada corporation, began to develop, sell and produce computer systems which are capable of running multiple monitors from one computer.

In 2009, Crown Trading Systems was dissolved as a corporation and its business was absorbed into the Company. The Company still uses the trade name "Crown Trading Systems." CTS has reseller and distribution agreements with many wholesale and retail computer and components companies but is not presently engaged in this business due to the lack of demand at the present time. The Company may re-enter this field once the economy rebounds.

In December, 2010, the Company formed three wholly owned subsidiaries Crown Tele Services, Inc., Crown Direct, Inc. and Crown Real Estate, Inc. Crown Tele Inc. was formed to provide voice over internet services to clients at a competitive price, Crown Direct, Inc. was formed to provide direct sales to customers and Crown Real Estate was formed to hold real estate. All three entities had minimum sales during the year.

At the present time, the Company is offering its services to domestic and global companies seeking to become public entities in the United States. It has launched a website, www.crownequityholdings.com, which offers its services in a wide range of fields. The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally. The Company also provides public relations and news dissemination for publicly and privately held companies.

In 2009, the Company re-focused its primary vision to using its network of websites to provide advertising and marketing services, as a worldwide online media advertising publisher, dedicated to the distribution of quality branding information. The Company offers Internet media-driven advertising services, which cover and connect a

wide range of marketing specialties, as well as search engine optimization for clients interested in online media awareness. As part of its operations, the Company has utilized the services of software and hardware technicians in developing its websites and adding additional websites. This allows the Company to disseminate news and press releases for its customers as well as general news and financial information on a much bigger scale than it did previously. The Company markets its services to companies seeking market awareness of them and the services or goods that they offer. The Company then publishes information concerning these companies on its many websites. The Company is paid in cash and/or stock of the customer companies. The Company has numerous consulting and service customers and is therefore not dependent on any particular customer for a majority of its revenue.

In July, 2009, the Company granted a non-exclusive license to Velvet International, Inc. allowing Velvet to use the Company's system and method of rendering public financial relations over the Internet. The Company was paid a one-time licensing fee of \$250,000 for the license but will not receive any future royalty or license payments from Velvet. Revenue from this sale allowed the Company to expand its efforts in developing its normal course of business as describe above.

The Company's office is located at 5440 West Sahara, Suite 205, Las Vegas NV 89146.

As of December 31, 2011, the Company had 11 employees and utilized the services of 8 independent contractors and consultants.

Item 2: Properties

The Company has sub-leased office space from an affiliate of the Company at a cost of \$2,400 per month for a period of twelve months, expiring in December, 2011. The Company believes that this office space is sufficient for its needs for the period of the lease.

Item 3: Legal Proceedings

In November, 2010, the Company, along with other individuals and entities, was named in a lawsuit filed federal court for the District of Nevada. The amended complaint alleges securities violations, breach of contract and defamation. The Company has engaged legal representation and believes the complaint and its allegations to be wholly without merit. The Company has filed a motion to dismiss and intends to vigorously defend itself in this matter. The lawsuit was settled during July 2011.

Item 4: Submission of Matters to a Vote of Security Holders

In August, 2009, the Board of Directors proposed to decrease the Company's authorized capital as well as authorizing a class of preferred stock and making certain other changes to the Company's articles of incorporation. At a meeting held on October 15, 2009, the Company's majority shareholder approved an amendment to the Company's Articles of Incorporation decreasing the number of authorized shares of common stock from 5,000,000,000 to 4,900,000,000 and approving the creation of a class of preferred stock, consisting of 10,000,000 shares, par value \$.001, The Amended and Restated Articles of Incorporation also included the following changes to the original Articles of Incorporation and the many amendments filed thereto through the years:

- o added provisions governing the Board of Directors;
- o added a provision limiting the liability of directors;
- o permitting the votes of interested directors to be counted in certain transactions;
- o added a provision for the indemnification of officers and directors; and
- o added a provision permitting the Board of Directors to approve future stock splits without a vote of the stockholders without affecting the authorized capital stock.

On May 25, 2010, the Company designated 25,000 shares of its preferred stock as Series A Convertible Preferred Stock (the "Series A Stock"). The Series A Stock is convertible at the option of the holder into 10,000 shares of the Company's common stock for each share of Series A Stock held. No Series A Stock has been issued. In March, 2011, the Company amended its Series A Stock, increasing the number of shares to 1,000,000 shares with each share convertible into one hundred (100) shares of the Company's common stock at the option of the Holder. The Company accepted a subscription to issue 600,000 shares of its Series A Stock to an unaffiliated third party for \$600,000 in March 2011.

Item 5: Market for Registrant's Common Equity and Related Shareholder Matters

The Company's common stock is currently traded on the OTC Electronic Bulletin Board in the United States, having the trading symbol "CRWE" and CUSIP #22834M107. The Company's stock is traded on the OTC Electronic Bulletin Board. As of March 26, 2012, the Company had 802,293,175 shares of its common stock issued and outstanding, of which 246,450,056 were held by non-affiliates.

The following table reflects the high and low quarterly bid prices for the fiscal years ended December 31, 2010 and 2011.

Period	High Bid	Low Bid
1 st Qtr. 2010	.019	.0075
2 nd Qtr. 2010	.048	.010
3 rd Qtr. 2010	.075	.028
4 th Qtr. 2010	.050	.0111
1 st Qtr. 2011	.028	.011
2 nd Qtr. 2011	.031	.011
3 rd Qtr. 2011	.0297	.011
4 th Qtr. 2011	.0297	.015

The Internet provided the above information to the Company. These quotations may reflect inter-dealer prices without retail mark-up/mark-down/commission and may not reflect actual transactions.

As of December 31, 2011, the Company estimates there are approximately 45 “holders of record” of its common stock and estimates that there are approximately 150 beneficial shareholders of its common stock. The Company has authorized 4,900,000,000 shares of common stock, par value \$.001 and 100,000,000 shares of preferred stock, par value \$.001, none of which are issued and outstanding.

Item 6: Selected Financial Data

Not applicable.

Item 7: Management’s Discussion and Analysis or Plan of Operation

FORWARD-LOOKING STATEMENTS MAY NOT PROVE ACCURATE

When used in this Form 10-K, the words “anticipated”, “estimate”, “expect”, and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions including the possibility that the Company will fail to generate projected revenues. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected.

OVERVIEW

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for the fiscal years ended December 31, 2011 and 2009 should be read in conjunction with the financial statements of the Company and related notes included therein.

The Company was incorporated on August 31, 1995 as Visioneering Corporation. In 1999, the Company acquired 20/20 Web Design, Inc., a Colorado corporation wholly owned by Crown Partners, Inc. In August, 2009, Crown Partners transferred its shares of the Company to Crown Marketing Corporation ("Crown Marketing") in exchange for marketing and public relation services to be provided by Crown Marketing.

In July, 2009, the Company received a one-time licensing fee of \$250,000 which it has utilized in funding its current operations. The Company also anticipates that as it proceeds with its planned advertising and marketing services, the revenues generated will be used to finance its operations in the short-term. The Company continues to search for additional areas in which it can generate revenue so that the Company will become profitable but there can be no guarantee that profitability will be achieved in the near- or long-term.

The Company's sales and revenues are projected to continue to increase during the future. The long term impact on the financial position and liquidity from this growth of operation should be positive. However, during the interim, development of the web sites and marketing services may have negative impact on the financial position of the Company.

The Company will attempt to carry out its business plan as discussed below. The Company cannot predict to what extent its lack of liquidity and capital resources will hinder its business plan prior to the consummation of a business combination.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company's most significant change in liquidity or capital resources or stockholders' equity has been receipts of proceeds from offerings of its capital stock and from a license fee. The Company's balance sheet as of December 31, 2011 reflects expanded assets and reduced liabilities from the previous year due to a significant increase in revenue over any previous years. The increase in revenue has had a positive impact on the Company's liquidity; however, it may not reflect the ability of the Company to fund itself without outside sources in the future. Further, there exist no agreements or understandings with regard to loan agreements by or with the Officers, Directors, principals, affiliates or shareholders of the Company. In the past, officers and directors of the Company have lent or advanced monies to the Company to fund operations, there are no formal agreements or arrangements for them to continue to do so. As of December 31, 2011, the Company has \$79,184 due to Montse Zaman, an officer and director, and \$16,024 due to Phoenix Consulting Services, a company controlled by Montse Zaman, as three year unsecured notes due on November 19, 2012, with interest accruing at 12% per annum.

The Company anticipates continually expanding its business in 2011 through the planned expansion of the Company's marketing and advertising services on a global basis. The Company hopes to begin hiring or retaining persons in other countries to translate the Company's websites, news releases and marketing efforts into various foreign languages such that the Company will become an international provider of news, public relations and press releases for its customers. The Company's plans will be limited, however, by its ability to finance such a proposed expansion of its business. If the revenues generated are not sufficient to finance these proposed operations, then the Company will have to scale back its proposed operations. The Company's ultimate success will be based upon whether or not there continues to be a demand for the services that the Company anticipates providing, which is also very dependent on the economy. There can be no assurance that there will be a demand for the Company's services in the future or that the Company will become profitable in providing these services. As the Company's expands its operations, the revenues received, in addition to paying current expenses, will also be utilized to fund its proposed global expansion making it unlikely that the Company will be profitable in the near future, if ever.

At December 31, 2011, the Company had working capital of \$190,395 which consisted of current assets of \$661,520 and current liabilities of \$471,125. The current liabilities of the Company at December 31, 2011 are composed

primarily deferred revenue of \$193,219, accounts payable and accrued expenses of \$182,697 and short-term debt to related parties of \$95,209.

Cash flows used in operating activities during the year ending December 31, 2011 was \$1,056,964 compared to cash flow used of \$151,397 for the same period in 2010. This represents a negative change of \$905,567. The primary factor to the change includes marketable securities received for revenue of \$1,287,638 for the year ending December 31, 2011 compared to \$553,763 during the same period in 2010 And an unrealized loss of \$1,730,600 for the year ended December 31, 2011 compared to an unrealized gain of \$452,587 for the same period in the year ended in 2010.

Cash flows provided by investing activities for the year ended December 31, 2011 totaled \$391,562 and included cash paid for the purchase of fixed assets totaling \$7,205 proceeds from the sale of marketable securities of \$398,767 compared to cash paid for fixed assets of \$55,735 cash paid for marketable securities of \$3,125 and proceeds from the sale of marketable securities of \$102,372 as investing activities during 2010..

Cash flows provided by financing was \$600,000 for the year ending December 31, 2011 compared to \$8,000 for the same period in 2010. The 2011 financing was due to the sale of 600,000 shares of preferred stock for cash.

As of December 31, 2011, the Company had assets of \$705,728 and liabilities of \$471,125. Stockholders' equity as of December 31, 2011 was \$234,603 compared to equity of \$1,017,953 at December 31, 2010. Liabilities decreased in 2011 due to the decrease in deferred revenue from as of December 31, 2010 \$216,095 to \$193,219 as of December 31, 2011 and the decrease in accounts payable and accrued liabilities from December 31, 2010 to December 31, 2011 of \$185,498 and \$182,697, respectively. The Company will attempt to carry out its plan of business as discussed above. The Company cannot predict to what extent its lack of liquidity and capital resources will hinder its business plan. The Company will need additional capital to fund that proposed operation.

NEED FOR ADDITIONAL FINANCING

The Company's existing capital may not be sufficient to meet the Company's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended.

No commitments to provide additional funds have been made by management or other stockholders. Accordingly, there can be no assurance that any funds will be available to the Company to allow it to cover its expenses.

The Company might seek to compensate providers of services by issuances of stock in lieu of cash.

RESULTS OF OPERATIONS

During the period from August 31, 1995 (inception) through December 31, 2008, the Company engaged in limited operations and attempted to commence operations in a number of different fields, none of which was ultimately successful or resulted in any appreciable revenues for the Company. For the year ended December 31, 2011, the Company had revenues of \$1,570,814 compared to \$1,396,228 revenues for the year ended December 31, 2010. For

the year ended December 31, 2011, the Company had operating expenses of \$2,008,755 and a net loss of \$2,279,171. For the year ended December 31, 2010, the Company had operating expenses of \$1,473,992 and a net income of \$290,283. The difference in expenses between the two periods resulted from the Company's increased operations during 2011. The net loss per share was \$0.00 for year ended December 31, 2011 and the net income per share was \$0.00, for the year ended December 31, 2010.

The difference in revenues from 2010 to 2011 resulted from a modification to the Company's operations. The Company focused its efforts in building its website network as well as concentrating its efforts on creating a brand for itself. In 2011 the Company expanded its efforts to provide marketing, advertising and public relations for small and medium sized companies, through disseminating information through its network of websites. The direct material cost to revenue in 2011 was \$6,420. The Company providing services and does not have inventory or product costs. The Company's expenses in 2011 were significantly higher than 2010 due to the expenses of added employees and compensating its contractors for their services provided. Compensation and payroll cost totaled \$1,417,224, legal costs were \$139,300, web site expenses were \$15,474 and advertising costs were \$3,413, comprising the major expenses of operations during 2011.

Item 8: Financial Statements

Financial statements are audited and included herein beginning on Exhibit 1, page 1 and are incorporated herein by this reference.

Item 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with accountants on accounting and financial disclosure during the relevant period.

Item 9a: Controls & Procedures

Evaluation of Disclosure Controls and Procedures

For purposes of this section, the term *disclosure controls and procedures* means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the “Act”) (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. As of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our CEO and CFO has concluded that the Company’s disclosure controls and procedures are not effective because of the identification of a material weakness in our internal control over financial reporting which is identified below, which we view as an integral part of our disclosure controls and procedures.

Changes in Internal Controls over Financial Reporting

We have not yet made any changes in our internal controls over financial reporting that occurred during the period covered by this report on Form 10-K that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Based on its evaluation, our management concluded that there are material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses relate to the following:

Lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by our Chief Executive Officer. Our President does not possess accounting expertise and our company does not have an audit committee.

Lack of a formal review process that includes multiple levels of review, as all accounting and financial reporting functions are performed by our Chief Financial Officer and the work is not reviewed by anyone.

These weaknesses are due to the company's lack of working capital to hire additional staff. To remedy the material weaknesses, we intend to engage another accountant to assist with financial reporting as soon as our finances will allow.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to the attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

The Company's management carried out an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. The Company's management based its evaluation on criteria set forth in the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management has concluded that the Company's internal control over financial reporting was not effective as of December 31, 2011.

Item 9b: Other Information

None.

Part III

Item 10 Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Identification of Directors and Executive Officers of the Company

The following table sets forth the names and ages of all directors and executive officers of the Company and all persons nominated or chosen to become a director, indicating all positions and offices with the Company held by each such person and the period during which they have served as a director:

The principal executive officers and directors of the Company are as follows:

Name	Age	Positions Held and Tenure
Arnulfo Saucedo-Bardan	40	Chairman , Director since February, 2008
Steven Onoue	53	Director since July, 2002
Kenneth Bosket	65	CEO, Director since June 2008
Montse Zaman	37	Secretary, Treasurer, Director since February, 2008
Lowell Holden	69	CFO, Director since January 2010

The Directors named above will serve until the next annual meeting of the Company's stockholders. Thereafter, Directors will be elected for one-year terms at the annual stockholders' meeting. Officers will hold their positions at the pleasure of the Board of Directors, absent any employment agreement, of which none currently exist or is contemplated. There is no arrangement or understanding between the Directors and Officers of the Company and any other person pursuant to which any Director or Officer was or is to be selected as a Director or Officer of the Company.

There is no family relationship between or among any Officer and Director except that Arnulfo Saucedo-Bardan and Montse Zaman are brother and sister.

The Directors and Officers of the Company will devote their time to the Company's affairs on an "as needed" basis. As a result, the actual amount of time which each will devote to the Company's affairs is unknown and is likely to vary substantially from month to month.

The Company has no audit or compensation committee.

Business Experience: The following is a brief account of the business experience for the past five years of the directors and executive officers, indicating their principal occupations and employment during that period, and the names and principal businesses of the organizations in which such occupations and employment were carried out.

KENNETH BOSKET. Kenneth Bosket is a director of the Company. Mr. Bosket has been CEO of the Company since June, 2008. Mr. Bosket retired in 2004 after 30 years with Sprint (Telecommunication Division). Mr. Bosket is co-founder of JaHMa, a music company in Las Vegas, Nevada and a former Board Member and President of Bridge Counseling Associates, a mental health and substance abuse service company. His experience includes implementing appropriate procedures for positioning his organization's goals with successful teaming relationships, marketing and over 30 years of extensive customer service, as well as managing various departments, and being a western division facilitator working directly for a President of Sprint. Mr. Bosket has received numerous awards, such as the Pinnacle Award for his exceptional service with his former employer combined with his community service involvements. Mr. Bosket earned a Masters of Business Administration from the University of Phoenix and a Bachelor's of Business Administration from National University. Mr. Bosket brings to the Company extensive experience in managing employees as well as extensive marketing experience which have been invaluable in helping the Company move forward with offering its marketing and advertising services.

STEVEN ONOUE. Mr. Onoue is a director of the Company. Since 2009, Mr. Onoue has been self-employed as a day trader of securities. From 2000 until August, 2009, Mr. Onoue was an officer and director of Crown Partners, Inc., the former majority shareholder of the Company. As part of his duties with Crown Partners, Mr. Onoue was formerly as vice president and manager of Sanitec™ Services of Hawaii, Inc., a wholly-owned subsidiary of Crown Partners, Inc. engaged in medical waste treatment and disposal, from 2000 until May, 2005. Prior to that, Mr. Onoue was the president of Cathay Atlantic Trading Company in Honolulu, Hawaii which traded in hard commodities and acted as consultant to many construction and renovation projects. Mr. Onoue acts as a community liaison and legislative analyst to Rep. Suzuki of the State of Hawaii. Mr. Onoue has been registered securities professional as well as a being involved in real estate in Hawaii for more than 15 years. Mr. Onoue brings his extensive experience in the securities and business fields to the Company. His experience in operating businesses as well as his keen understanding of the public securities markets for small cap companies makes him an asset to the Company.

ARNULFO SAUCEDO-BARDAN. Mr. Saucedo-Bardan joined the Company in 2008 and presently is in charge of the Company's developing the Company's international sales. Mr. Saucedo-Bardan is a businessman and developer and has been self-employed for more than five years. Prior to joining the Company, in 2005, Mr. Saucedo-Bardan owned and operated a small restaurant in Mexico which he closed in December, 2007. Mr. Saucedo-Bardan has a Bachelor's Degree in Engineering from the Instituto Tecnológico De La Laguna in Mexico. Mr. Saucedo-Bardan is the brother of Montse Zaman. Mr. Saucedo-Bardan's engineering experience has provided the Company with a great deal of assistance in developing and maintaining the Company's numerous websites as well as assisting in the constant monitoring and updating of these websites.

MONTSE ZAMAN. Montse Zaman is the secretary and treasurer for the Company. She worked for Zaman & Company, a private business consulting firm, as an administrative assistant from 2003 until the end of 2008 when she joined the Company. Ms. Zaman has extensive organizational experience and is involved in handling the day-to-day administrative operations of the Company. Ms. Zaman has an extensive background in journalism and has a degree in Communications from Instituto Superior De Ciencia Y Tecnologia A.C. in Mexico. Mrs. Zaman possesses strong administrative credentials which have proven invaluable in handling the daily operations of the Company and reporting and working directly with the Company's CFO in ensuring that all financial transactions are accurately and properly reported.

LOWELL HOLDEN. Lowell Holden is CFO and Chief Accounting Officer of the Company as well as a director. Since 1983, Mr. Holden has owned and operating his own consulting firm, LS Enterprises, Inc., which provides business consulting, accounting and other services to businesses. Mr. Holden has a broad range of business experience including managing, securing financing, structuring of transactions, and is experienced and knowledgeable in managing relationships with customers, financing institutions and stockholders. Mr. Holden also has a background in assisting companies in fulfilling their financial auditing and SEC reporting requirements. Mr. Lowell Holden has a Bachelor's of Science degree from Iowa State University.

CONFLICTS OF INTEREST

The Officers and Directors of the Company will devote most of their time to the Company however; there will be occasions when the time requirements of the Company's business conflict with the demands of their other business and investment activities. Such conflicts may require that the Company attempt to employ additional personnel. There is no assurance that the services of such persons will be available or that they can be obtained upon terms favorable to the Company.

There is no procedure in place which would allow the Officers and Directors to resolve potential conflicts in an arms-length fashion. Accordingly, they will be required to use their discretion to resolve them in a manner which they consider appropriate.

The Company's Officers and Directors may actively negotiate or otherwise consent to the purchase of a portion of their common stock as a condition to, or in connection with, a proposed merger or acquisition transaction. It is anticipated that a substantial premium over the initial cost of such shares may be paid by the purchaser in conjunction with any sale of shares by the Company's Officers and Directors which is made as a condition to, or in connection with, a proposed merger or acquisition transaction. The fact that a substantial premium may be paid to the Company's Officers and Directors to acquire their shares creates a potential conflict of interest for them in satisfying their fiduciary duties to the Company and its other shareholders. Even though such a sale could result in a substantial profit to them, they would be legally required to make the decision based upon the best interests of the Company and the Company's other shareholders, rather than their own personal pecuniary benefit.

The Company previously adopted a Code of Ethics in 2004. The Company has revised the Code of Ethics and is adopting a new Code of Ethics which applies to its directors as well as to its officers including its principal executive officer, principal financial officer, and principal accounting officer. A copy of the Code of Ethics is attached as an Exhibit to this Report and is also available on the Company's website, www.crownequityholdings.com. A copy of the Code of Ethics is also available at no charge to anyone who may send a request in writing to the Company, addressed to its CEO, at 5440 West Sahara Avenue, Suite 205, Las Vegas, NV 89146.

Identification of Certain Significant Employees. The Company does not employ any persons who make or are expected to make significant contributions to the business of the Company.

Item 11: Executive Compensation

During fiscal 2011 the Company paid its officers and directors an aggregate of \$-- plus issued 8,767,510 shares of common stock valued at \$149,800 plus accrued \$44,250 for services for an aggregate value of \$344,200 for their services.

The following tables sets for the compensation for all officers and directors during the past three years:

DIRECTORS OFFICERS COMPENSATION

Name and Principal Position	Annual compensation		Long-term compensation		All other compensation	Total Compensation
	Salary (\$)	Bonus (\$)	Restricted stock award(s) (\$)	Securities under- lying options/ SARs (#)		
					(\$) ⁽¹⁾	

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	35,000		37,000			72,000
Kenneth	2011	-	-	-	-	
	28,000		38,000			66,000
Bosket, CEO, Director	2010	-	-	-	-	
	19,500		17,600			37,100
	2009					
			37,000			
	35,000-	-	-	-	-	
	2011	29,400-	39,600			72,000
	2010	21,800-	41,400			69,000
Arnulfo Saucedo-Bardan, Chairman, Director	2009	-	-	-	-	63,200
						144,000
	64,500-	-	79,500	-	-	
	2011					149,200
	61,250-	-	87,950	-	-	
Montse Zaman, Secretary, Treasurer, Director	2010					108,000
	20,450-	-	87,550	-	-	
	2009					
			37,000			72,000
Lowell Holden	2011	35,000-	-	-	-	
			28,500			60,000
CFO, Director	2010	31,500-	-	-	-	
	2009	-	-	-	-	-

Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meeting of the Board of Directors.

The Company has no material bonus or profit-sharing plans pursuant to which cash or non-cash compensation is or may be paid to the Company's directors or executive officers.

The Company has no compensatory plan or arrangements, including payments to be received from the Company, with respect to any executive officer or director, where such plan or arrangement would result in any compensation or remuneration being paid resulting from the resignation, retirement or any other termination of such executive officer's employment or from a change-in-control of the Company or a change in such executive officer's responsibilities following a change-in-control and the amount, including all periodic payments or installments where the value of such compensation or remuneration exceeds \$100,000 per executive officer.

During the last completed fiscal year, no funds were set aside or accrued by the Company to provide pension, retirement or similar benefits for Directors or Executive Officers.

The Company has no written employment agreements.

In December, 2007, the Company adopted the Crown Equity Holdings, Inc. Consultants and Employees Stock Plan for 2007. Under the Plan, 100,000,000 shares are reserved for issuance to employees, officers, directors, advisors and consultants. As of December 31, 2011, 57,710,000 shares had been issued under the Plan.

Termination of Employment and Change of Control Arrangement. Except as noted herein, the Company has no compensatory plan or arrangements, including payments to be received from the Company, with respect to any individual named above from the latest or next preceding fiscal year, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such individual's employment with the Company, or from a change in control of the Company or a change in the individual's responsibilities following a change in control.

Section 16(a) Beneficial Ownership Reporting Compliance. During the year ended December 31, 2011, the following persons were officers, directors and more than ten-percent shareholders of the Company's common stock:

Name	Position	Filed Reports
------	----------	---------------

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Steven Onoue	Director	Yes
Kenneth Bosket	Officer, Director	Yes
Arnulfo Saucedo-Bardan	Officer, Director	Yes
Montse Zaman	Officer, Director	Yes
Lowell Holden	Officer, Director	Yes
Crown Marketing	Shareholder	Yes

Item 12 Security Ownership of Certain Beneficial Owners and Management

There were 798,360,078 shares of the Company' common stock issued and outstanding on December 31, 2011. There are 100,000,000 shares of preferred stock, par value \$.001, authorized with 600,000 shares issued. The following tabulates holdings of shares of the Company by each person who, subject to the above, at the date of this Report, holds or record or is known by Management to own beneficially more than five percent (5%) of the Common Shares of the Company and, in addition, by all directors and officers of the Company individually and as a group.

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Names and Addresses	Number of Shares Owned Beneficially	Percent of Beneficially Owned Shares	
Steven Onoue (1) 5440 Sahara, Suite 205 Las Vegas, NV 89146	3,500,000	.44	%
Kenneth Bosket (1) 5440 Sahara, Suite 205 Las Vegas, NV 89146	9,025,098	1.12	%
Arnulfo Saucedo-Bardan (1) 5440 Sahara, Suite 205 Las Vegas, NV 89146	10,993,968	1.38	%
Montse Zaman (1) 5440 Sahara, Suite 205 Las Vegas, NV 89146	86,722,655	10.86	%
Lowell Holden(1) 5440 Sahara, Suite 205 Las Vegas, NV 89146	4,807,298	.60	%
Crown Marketing Corporation Mina #222 Sur, Gomez Palacio Durango Mexico CP 35000	440,794,100	55.21	
Aida Bardan Gloria(2) Mina #222 Sur, Gomez Palacio Durango Mexico CP 35000	440,794,100	55.21	
All directors and officers as a group (5)	115,049,019	14.40	%

(1) Denotes officer or director.

(2) Mrs. Bardan Gloria is the sole shareholder of Crown Marketing Corp. She is the mother of Montse Zaman and Arnulfo Saucedo-Bardan. Both Ms. Zaman and Mr. Saucedo-Bardan disclaim any beneficial interest in the shares owned by Crown Marketing.

Change in Control. There are no arrangements known to the Company, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change of control of the

Company.

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Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	--	--	66,290,000
Equity compensation plans not approved by security holders	--	--	--
Total	--	--	66,290,000

The Company utilizes the shares available under the Plan described above to issue shares of stock as compensation to employees, consultants and officers and directors. At the end of each quarter, the Board of Directors of the Company determines the amount of shares to be issued pursuant to the Plan.

Item 13: Certain Relationships and Related Transactions

In 2011, the Company paid the following related parties:

- Ken Bosket, CEO and director, \$35,000 cash and 1,584,798 shares of restricted stock for a total value of \$72,000
- Arnulfo Saucedo-Bardan, Chairman and director, \$35,000 cash and 1,584,798 shares of restricted stock for a total value of \$72,000.
- Montse Zaman, Secretary, Treasurer and director, \$64,500 cash and 3,433,075 shares of restricted stock for a total value of \$144,000.
- Lowell Holden CFO and director, \$35,000 cash and 1,584,798 shares of restricted stock for a total value of \$72,000.

On December 2, 2009, the Company signed a one year lease for 2,400 square feet of office space. The rent for the space was \$2,400 per month or \$28,800 paid in 2011. The landlord is Ms. Zaman's husband. The lease was renewed for one more year at the same rental rate as in 2011.

On September 29, 2009 Crown Marketing, Inc. acquired from TaxMasters, Inc. a majority of the outstanding shares of Crown Equity. As part of this transaction effective August 4, 2009, all outstanding balances due from Crown Equity to TaxMasters (Crown Partners) were forgiven. Just prior to the merger, Crown Equity owed Crown Partners \$50,167 in

advances and \$55,897 in accounts payable. Crown Equity recognized this reduction of debt as contributed capital. Crown Marketing Corp. is owned by the mother of Ms. Zaman and Mr. Saucedo-Bardan, directors of the Company.

During December 2008, Crown Equity's then-Chief Financial Officer Montse Zaman advanced the company \$24,335 in notes payable. As of December 31, 2011 and 2010 the outstanding balance was zero.

As of December 31, 2008, amounts were due to Crown Partners of \$55,897 and Montse Zaman, Chief Financial Officer, of \$18,822. As of December 31, 2011 and 2010, the amount outstanding was zero.

On November 20, 2009, the Company converted accounts payable and advances from Montse Zaman, a related party, of \$79,184 to a three year unsecured note maturing on November 19, 2012. Interest is incurred at 12% per annum unless the principal and interest are not paid by maturity at which time the interest rate accelerates to 18% per annum.

During the quarter ended March 31, 2007, the Company borrowed \$12,700 from Phoenix Consulting Services Inc. controlled by a related party. The loan is unsecured and matured on April 1, 2008 and accrued interest at 12% per annum. The note can be converted into common shares of the company at the holder's option at a conversion price to be determined in the future. Amounts outstanding under this agreement subsequent to April 1, 2008 accrued interest at 18% per annum. On November 20, 2009, the note including principal and interest totaling \$16,025 was converted to a long term note due November 19, 2012 with principal and interest due at maturity. If the principal and interest are not paid by maturity, the interest rate accelerates to 18% per annum.

During June 2011, the Company entered into a service agreement with Cleantech Transit, Inc. which is a related party due to common Directors and officers. The Company will provide consulting services to Cleantech from April 1, 2011 through March 31, 2012 in return for 5,000,000 shares of Cleantech common stock. The fair value of the stock received was determined to be \$775,000 of which \$581,781 was recognized as revenue during 2011 and \$193,219 was recorded as deferred revenue as of December 31, 2011.

Of the Company's five directors, only Messrs. Holden and Onoue may be considered "independent" directors as they are the only directors which are not also employed by the Company and/or work out of the Company's headquarters in Las Vegas, Nevada. The Company has no committees and therefore has no independent directors serving on committees

Item 14 Principal Accounting Fees and Services

The following table presents for each of the last two fiscal years the aggregate fees billed in connection with the audits of our financial statements and other professional services rendered by our independent registered public accounting firm MaloneBailey, LLP, Certified Public Accountants and Consultants.

	2011	2010
Audit fees	\$22,000	12,505
Audit related fees	-	-
Tax fees	1,500	1,500
All other fees	-	-

Audit fees represent the professional services rendered for the audit of our annual financial statements and the review of our financial statements included in quarterly reports, along with services normally provided by the accounting firm in connection with statutory and regulatory filings or engagements. Audit-related fees represent professional services rendered for assurance and related services by the accounting firm that are reasonably related to the performance of the audit or review of our financial statements that are not reported under audit fees.

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Tax fees represent professional services rendered by the accounting firm for tax compliance, tax advice, and tax planning. All other fees represent fees billed for products and services provided by the accounting firm, other than the services reported for in the other categories.

Item 13: Exhibits and Reports on Form 8-K

(a) Financial Statements and Schedules

The following financial statements and schedules are filed as part of this report:

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets as of December 31, 2011 and 2010	F-2
Consolidated Statements of Operations for the Years Ended December 31, 2011 and 2010	F-3
Consolidated Statement of Stockholders' Equity for the Years Ended December 31, 2011 and 2010	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2011 and 2010	F-5
Notes to the Consolidated Financial Statements	F-6

EXHIBITS FILED WITH THIS REPORT

Exhibits required by Item 601 of Regulation S-K. The following exhibits are filed as a part of, or incorporated by reference into, this Report.

Exhibit Number	Description
3(i)	Amended and Restated Articles of Incorporation (filed as an exhibit to that Form 8-K filed on 3-20-10 and incorporated herein by this reference)
3(ii)	Bylaws (filed as an exhibit to Form 10-SB filed on 3-13-2000 and incorporated herein by this reference)
31.1*	Certifications Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Exhibit filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized, in the City of Las Vegas, State of Nevada, on March 30, 2012.

CROWN EQUITY
HOLDINGS, INC.

By: /s/ Kenneth Bosket
Kenneth Bosket,
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 30, 2012.

Signature	Title
/s/ Arnulfo Saucedo-Bardan Arnulfo Saucedo-Bardan	Chairman, Director
/s/ Kenneth Bosket Kenneth Bosket	Director, Chief Executive Officer
/s/ Steven Onoue Steven Onoue	Director
/s/ Montse Zaman Montse Zaman	Director, Secretary, Treasurer
/s/ Lowell Holden Lowell Holden	Director, Chief Financial Officer (Principal Financial Officer), Principal Accounting Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

Crown Equity Holdings, Inc.

Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets of Crown Equity Holdings, Inc. and its subsidiaries (collectively, the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Crown Equity Holdings, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Crown Equity Holdings, Inc. and its subsidiaries as of December 31, 2011 and 2010 and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Crown Equity Holdings, Inc. will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, Crown Equity Holdings, Inc. has historically suffered losses from operations which raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ MaloneBailey, LLP

www.malonebailey.com

Houston, Texas

March 30, 2012

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CROWN EQUITY HOLDINGS, INC.**CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$84,325	\$149,727
Marketable securities	82,400	1,295,751
Marketable securities held in related party	480,000	--
Accounts receivable	12,395	10,665
Prepaid expense	2,400	2,400
Total current assets	661,520	1,458,543
Property and equipment, net of accumulated depreciation of \$29,732 and \$10,523, respectively	44,208	56,212
Total assets	\$705,728	\$1,514,755
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expense	\$182,697	\$185,498
Current portion of notes payable to related parties	95,209	--
Deferred revenue	--	216,095
Related party deferred revenue	193,219	--
Total current liabilities	471,125	401,593
Notes payable to related parties	--	95,209
Total liabilities	471,125	496,802
Stockholders' equity:		
Preferred stock; \$0.001 par value, 100,000,000 shares authorized, 99,000,000 undesignated authorized		
Series A convertible preferred stock; \$0.001 par value, 1,000,000 shares authorized, 600,000 shares issued and outstanding	600	--
Common stock, \$0.001 par value, 4,900,000,000 authorized, 798,360,078 and 753,737,071 issued and outstanding, respectively	798,361	753,737
Additional paid-in capital	7,673,372	6,222,775
Accumulated deficit	(8,237,730)	(5,958,559)
Total stockholders' equity	234,603	1,017,953
Total liabilities and stockholders' equity	\$705,728	\$1,514,755

The accompanying notes are an integral part of these consolidated financial statements.

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CROWN EQUITY HOLDINGS, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended December 31,	
	2011	2010
Revenue	\$989,033	\$1,396,228
Revenue from related party	581,781	--
Total revenue	1,570,814	1,396,228
Direct material costs	6,420	86,890
Operating expenses:		
General and administrative expense	1,989,546	1,445,476
Depreciation	19,209	28,516
Income (loss) from operations	(444,361)	(164,654)
Other income (expenses):		
Other income	1,050	35,966
Interest income	36	98
Realized loss on marketable securities	(84,841)	(18,579)
Unrealized gain (loss) on marketable securities	(1,730,600)	452,587
Interest expense	(11,668)	(12,307)
Other expense	(8,787)	(2,828)
Total other income (expense)	(1,834,810)	454,937
Net income (loss)	(2,279,171)	290,283
Deemed dividend on Series A convertible preferred stock	(600,000)	--
Net income (loss) attributable to common stockholders	\$(2,879,171)	\$290,283
Net income (loss) per share, basic and diluted	\$(0.00)	\$0.00
Weighted average number of shares outstanding	786,135,684	745,919,471

The accompanying notes are an integral part of these consolidated financial statements.

CROWN EQUITY HOLDINGS, INC.**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY****YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2009	--	\$ --	728,806,320	\$728,806	\$5,819,712	\$(6,248,842)	\$299,676
Issuance of common stock for services	--	--	23,830,751	23,831	393,163	--	416,994
Issuance of common stock for fixed assets	--	--	1,100,000	1,100	9,900	--	11,000
Net loss	--	--	--	--	--	290,283	290,283
Balance at December 31, 2010	--	--	753,737,071	753,737	6,222,775	\$(5,958,559)	1,017,953
Issuance of common stock for services	--	--	44,623,007	44,624	851,197	--	895,821
Issuance of preferred stock for cash	600,000	600	--	--	599,400	--	600,000
Beneficial conversion feature on preferred stock	--	--	--	--	600,000	--	600,000
Deemed dividend on preferred stock	--	--	--	--	(600,000)	--	(600,000)
Net loss	--	--	--	--	--	(2,279,171)	(2,279,171)
Balances at December 31, 2011	600,000	\$ 600	798,360,078	\$798,361	\$7,673,372	\$(8,237,730)	\$234,603

The accompanying notes are an integral part of these consolidated financial statements.

CROWN EQUITY HOLDINGS, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2011	2010
Cash flows from operating activities:		
Net income	\$(2,279,171)	\$290,283
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation expense	19,209	28,516
Common stock issued for services	895,821	416,994
Marketable securities disposed for services	--	13,368
Unrealized (gain) loss on marketable securities	1,435,600	(452,587)
Unrealized loss on related party marketable securities	295,000	--
Realized loss on marketable securities	84,841	18,579
Marketable securities received for revenue	(705,857)	(553,763)
Marketable securities received for related party revenue	(581,781)	--
Changes in operating assets and liabilities:		
Accounts receivable	(1,730)	(10,665)
Prepaid expense	--	5,702
Accounts payable and accrued expense	(2,801)	171,166
Accounts payable and accrued expense-related party	--	--
Income taxes payable	--	(16,990)
Deferred revenue	(216,095)	(62,000)
Net cash used in operating activities	(1,056,964)	(151,397)
Cash flows from investing activities:		
Proceeds from the sale of marketable securities	398,767	102,372
Cash paid for the purchase of marketable securities	--	(3,125)
Cash paid for acquisition of fixed assets	(7,205)	(55,735)
Net cash provided by investing activities	391,562	43,512
Cash flows from financing activities:		
Payments on notes payable to related party	--	8,000
Proceeds from issuance of preferred stock	600,000	--
Net cash provided by financing activities	600,000	8,000
Net decrease in cash	(65,402)	(99,885)
Cash – beginning of year	149,727	249,612
Cash – end of year	\$84,325	\$149,727
SUPPLEMENT DISCLOSURES:		
Interest paid	\$48	\$642
Income taxes paid	--	--

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NONCASH INVESTING AND FINANCING ACTIVITIES:

Marketable securities received for deferred revenue	\$--	\$216,095
Marketable securities received for related party deferred revenue	193,219	--
Common stock issued for the acquisition of fixed assets	--	11,000
Deemed dividend beneficial conversion feature on convertible preferred stock	600,000	--

The accompanying notes are an integral part of these consolidated financial statements.

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CROWN EQUITY HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES

Nature of Business

Crown Equity Holdings Inc. ("Crown Equity" or the "Company") was incorporated in August 1995 in Nevada. The Company is offering its services to companies seeking to become public entities in the United States. It has launched a website, www.crownequityholdings.com, which offers its services in a wide range of fields. The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally.

In 2007, the Company, through a wholly-owned subsidiary, Crown Trading Systems, Inc. ("CTS"), a Nevada corporation, began to develop, sell and produce computer systems which are capable of running multiple monitors from one computer. CTS is able to run 16 monitors off one CPU. In late 2007, CTS began to attend trade shows and starting selling these systems. In 2009, Crown Trading Systems was dissolved as a corporation and its business was absorbed into the Company.

On September, 30, 2009 Crown Marketing, Inc. acquired controlling interest of Crown Equity from Crown Partners, Inc.

In 2010 the Company formed two subsidiaries Crown Tele Service, Inc. and Crown Direct, Inc. Crown Tele will provide voice over IP messaging at a competitive price to other competitors and Crown Direct will provide its client with direct sales of products.

In 2011, the Company formed a wholly owned subsidiary CRWE Real Estate, Inc. CRWE Real Estate will hold real estate.

Principles of Consolidation

The consolidated financial statements include the financial information of Crown Equity Holdings and its wholly owned subsidiaries, Crown Tele, Inc., Crown Direct, Inc. and CRWE Real Estate, Inc. All significant inter-company accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Cash and Cash Equivalents

Crown Equity considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Stock Based Compensation

The Company adopted the provisions of ASC 718 requiring employee equity awards to be accounted for under the fair value method. Accordingly, share-based compensation is measured at grant date, based on the fair value of the award and is recognized as expense over the requisite employee service period. The Company estimates the fair value of share-based payments using the Black-Scholes option-pricing model for common stock options and the closing price of the company's common stock for common share issuances.

Revenue recognition

Crown Equity's revenue is recognized pursuant to ASC 605 "Revenue Recognition." The Company recognizes its revenue from services as those services are performed. Revenue recognition is limited to the amount that is not contingent upon delivery of any future service or meeting other specified performance conditions.

Services are normally completed as described on the sales invoice issued for the service provided. In most cases the services is a one-time completion and recognized when the service is completed. If a service is provided over a time period that exceeds 30 days the revenue is recognized on a monthly basis at the end of the month in which it is completed.

Contract revenues include royalties under license. Contract revenue related to technology licenses is fully recognized only after the license period has commenced, the technology has been delivered and no further involvement of Crown Equity is required.

Crown Equity receives payment for its services in both cash and equity instruments issued by the customer. The equity instruments are accounted for in accordance with the provisions of ASC 718 "Compensation – Stock Compensation" and is based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the date on which the Company fully vests in the shares received. The company is fully vested in the stock it received on the date of receipt of the shares. Services that are not preformed within the period are recognized as deferred revenue. Based on this valuation method, during the years ended December 31, 2011 and 2010 the Company received equity securities valued at \$1,287,638 and \$553,763, respectively for payment of services to the Company and equity securities valued at \$193,219 and \$216,095 which were recorded as deferred revenue as of December 31, 2011 and 2010 respectively.

General and Administrative Expenses

Crown Equity's general and administrative expenses consisted of the following types of expenses during the years ended December 31, 2011 and 2010: Compensation expense, payroll expense, rent, travel and entertainment, legal and accounting, utilities, web sites, office expenses, depreciation and other administrative related expenses

Marketable Securities

In accordance with Accounting Standards Codification 825 an entity is permitted to irrevocably elect fair value on a contract-by-contract basis for new assets or liabilities within the scope of ASC 825 as the initial and subsequent measurement attribute for those financial assets and liabilities and certain other items including property and casualty insurance contracts. Entities electing the fair value option are required to (i) recognize changes in fair value in earnings and (ii) expense any upfront costs and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which it has elected the fair value option, and similar assets and liabilities measured using another measurement attribute. An entity can accomplish this either by reporting the fair value and non-fair-value carrying amounts as separate line items or by aggregating those amounts and disclosing parenthetically the amount of fair value included in the aggregate amount.

Crown Equity adopted ASC 825 in the third quarter of fiscal 2009 and elected the fair value option for all their marketable securities.

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Management has elected the fair value option as management believes it best reflects the true market value of the securities at the date of valuation.

The Company reports the change in value of the securities as realized or unrealized gains or losses on a quarterly basis. The gain or loss is calculated as the difference between the acquiring value and the closing market value at the end of the reporting period. For securities purchased, the acquiring value is the fair value of the securities on the date they are acquired. For securities received as payment for revenue transactions, the acquiring value is the fair value of the securities on the date the Company receives the shares as this is the date the company is fully vested in the stock. During the years ended December 31, 2011 and 2010, the Company reported realized losses of \$84,841 and \$18,579 and unrealized losses of \$1,730,600 and unrealized gains \$452,587, respectively.

Property and equipment

Property and equipment are carried at the cost of acquisition or construction and depreciated over the estimated useful lives of the assets. Costs associated with repair and maintenance are expensed as incurred. Costs associated with improvements which extend the life, increase the capacity or improve the efficiency of our property and equipment are capitalized and depreciated over the remaining life of the related asset. Gains and losses on dispositions of equipment are reflected in operations. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are 3 to 5 years.

Impairment of long-lived assets

The Company reviews the carrying value of its long-lived assets annually or whenever events or changes in circumstances indicate that the historical-cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the asset by comparing the undiscounted future net cash flows expected to result from the asset to its carrying value. If the carrying value exceeds the undiscounted future net cash flows of the asset, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived asset. Fair value is estimated based upon either discounted cash flow analysis or estimated salvage value. No impairment charge was recorded in 2011 or 2010.

Basic and diluted net income per share

Basic and diluted net income per share calculations are calculated on the basis of the weighted average number of common shares outstanding during the year. They include the dilutive effect of common stock equivalents in years

with net income. Basic and diluted net income per share are the same due to the absence of common stock equivalents.

Income Taxes

Crown Equity recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. Crown Equity provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, marketable securities and debt. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these consolidated financial statements.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation.

Recently Issued Accounting Pronouncements

Crown Equity does not expect the adoption of any recently issued accounting pronouncements to have a significant impact on their financial position, results of operations or cash flows.

NOTE 2 - GOING CONCERN

As shown in the accompanying financial statements, Crown Equity has an accumulated deficit of \$8,237,730 as of December 31, 2011 and incurred a loss from operations of \$444,361 for the year ended December 31, 2011. Unless profitability and increases in stockholders' equity continues, these conditions raise doubt as to Crown Equity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

Crown Equity continues to review its expense structure reviewing costs and their reduction to move towards profitability. The Company's expenses are planned to decrease as a percent of revenue resulting in profitability and increased shareholders' equity.

NOTE 3 – MARKETABLE SECURITIES

Marketable securities are classified as available-for-sale and are presented in the balance sheet at fair market value.

Per Accounting Standards Codification 820 "Fair Value Measurement", fair values defined establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements.

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ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Crown Equity has classified these marketable securities at level 1 with a fair value of \$562,400 and \$1,295,751 as of December 31, 2011 and 2010, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2011 and 2010:

	2011	2010
Computer equipment	\$73,940	\$66,735
Less: accumulation depreciation	(29,732)	(10,523)
Net property and equipment	\$44,208	\$56,212

Depreciation expense totaled \$19,209 and \$28,516 for the years ended December 31, 2011 and 2010 respectively.

NOTE 5 – INCOME TAXES

The Company follows Accounting Standards Codification 740, Accounting for Income Taxes. During 2009, there was a change in control of the Company.

Under section 382 of the Internal Revenue Code such a change in control negates much of the tax loss carry forward and deferred income tax. Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes, and (b) net operating loss carry forwards. For federal income tax purposes, the Company uses the accrual basis of accounting, the same that is used for financial reporting purposes.

The Company did not have taxable income for the years ended December 31, 2011 or 2010.

The Company's deferred tax assets consisted of the following as of December 31, 2011 and 2010:

	2011	2010
Net operating loss	\$--	\$19,104
Valuation allowance	(--)	(19,104)
Net deferred tax asset	\$--	\$-

The Company had a net loss of \$2,279,171 and net income \$290,283 for the years ending December 31, 2011 and 2010, respectively. As of December 31, 2011, the company's net operating loss carryforward was \$0.

A reconciliation of income taxes at the federal statutory rate to amounts provided for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
U.S. federal statutory rate	34 %	34 %
Net operating loss	(34 %)	(34 %)
Effective tax rate	-- %	-- %

NOTE 6 – COMMON STOCK

In December, 2007, the Company adopted the Crown Equity Holdings, Inc. Consultants and Employees Stock Plan for 2007. Under the Plan, 10,000,000 shares are reserved for issuance to employees, officers, directors, advisors and consultants.

The Company values the stock issued for services to non-employees based on the closing price of the stock issued upon completion of the requisite service period. The value is expensed upon completion of the services.

In 2010 the Company issued 1,100,000 shares of common stock valued at \$11,000 for fixed assets and 23,830,751 shares valued at \$416,994 for services.

On March 25, 2010, the Company filed Amended and Restated Articles of Incorporation authorizing 10,000,000 shares of preferred shares with par value of \$0.001 and reducing the authorized shares of common stock from 500,000,000 shares to 490,000,000 shares.

On June 22, 2010 the Company approved a forward split of common stock at a ratio of 10 shares for each one share outstanding. The Company approved the increase of authorized shares of common stock from 490,000,000 to 4,900,000,000 and increased the authorized number of preferred shares from 10,000,000 to 100,000,000, with both common and preferred having a par value of \$0.001 per share.

During the year ended December 31, 2011 the Company issued 44,623,007 shares of common stock with a value of \$895,821 for service.

During the year ended December 31, 2011 the Company issued 600,000 shares of Class A preferred shares for \$600,000 cash. Each share is convertible into 100 common shares at the option of the holder. Crown Equity evaluated the convertible preferred stock under FASB ASC 470-20-30 and determined it contained a beneficial conversion feature. The intrinsic value of the beneficial conversion feature was determined to be \$600,000. The beneficial conversion feature was fully amortized and recorded as a deemed dividend.

NOTE 7 - RELATED PARTY TRANSACTIONS

On December 2, 2009, the Company signed a one year lease for 2,400 square feet of office space. The rent for the space is \$2,400 per month or \$28,800 due in 2011. The landlord is related to one of the officers of the Company.

In the year ended December 31, 2011 the Company paid four related parties \$169,500 and issued \$169,250 of common stock to the same parties and accrued \$57,000 for services. In the year ended December 31, 2010 the Company paid four related parties \$150,150 and issued \$149,800 of common stock to the same parties and accrued \$44,250 for services.

On November 20, 2009, the Company converted accounts payable and advances from Montse Zaman, a related party, of \$71,184 to a three year unsecured note maturing on November 19, 2012. Interest is incurred at 12% per annum unless the principal and interest are not paid by maturity at which time the interest rate accelerates to 18% per annum. During 2010 the related party advanced the Company \$8,000 bring the total principal amount under the note as of December 31, 2011 and 2010 to \$79,184.

During the quarter ended March 31, 2007, the Company borrowed \$12,700 from Phoenix Consulting Services Inc. controlled by a related party. The loan is unsecured and matured on April 1, 2008 and accrued interest at 12% per annum. The note can be converted into common shares of the company at the holder's option at a conversion price to be determined in the future. Amounts outstanding under this agreement subsequent to April 1, 2008 accrue interest at 18% per annum. On November 20, 2009, the note including principal and interest totaling \$16,025 was converted to a long term note due November 19, 2012 with principal and interest due at maturity. If the principal and interest are not paid by maturity, the interest rate accelerates to 18% per annum. The unpaid principal amount on this note was \$16,025 as of December 31, 2010 and 2011.

During June 2011, the Company entered into a service agreement with Cleantech Transit, Inc. which is a related party due to common Directors and officers. The Company will provide consulting services to Cleantech from April 1, 2011 through March 31, 2012 in return for 5,000,000 shares of Cleantech common stock. The fair value of the stock received was determined to be \$775,000 of which \$581,781 was recognized as revenue during 2011 and \$193,219 was recorded as deferred revenue as of December 31, 2011. The fair value of these marketable securities at December 31, 2011 was \$480,000.

Note 8 – SUBSEQUENT EVENTS

On January 2, 2012 the Company issued 3,933,097 shares of common stock with a value of \$111,700 for compensation accrued as of December 31, 2012.

During March 2012, the Company reached a settlement agreement with the Federal Labor standards resulting in a total of \$29,743 of wages due former employees pertaining to regular and overtime payments for the year ended December 31, 2011. The amount of \$29,743 was recorded as an accrued liability as of December 31, 2011.

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